

STATE OF CALIFORNIA
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF BUSINESS OVERSIGHT

TO: Global Crossroads, Inc.
Stephen P. Kelly
228 13th Street
Manhattan Beach, California 90266

553 N. Pacific Coast Hwy., #B144
Redondo Beach, California 90277

DESIST AND REFRAIN ORDER

(For Violations of Section 25401 of the Corporations Code)

The Commissioner of Business Oversight (“Commissioner”) finds that:

1. At all relevant times, Global Crossroads, Inc. (“Global”) was a California corporation with its last known addresses at 228 13th Street, Manhattan Beach, California 90266, and 553 N. Pacific Coast Hwy., #B144, Redondo Beach, California 90277.

2. At all relevant times, Stephen P. Kelly (“Kelly”) was the Chief Executive Officer of Global.

3. Beginning in September 2013, Global and Kelly offered and sold securities to at least one California resident, in the form of an investment contract.

4. In 2013, Global and Kelly sold precious metals to at least one California resident. Then later in 2013, Global and Kelly convinced the California resident to give those same precious metals back to Global as an investment and receive a percentage annually as part of a “hypothecation” investment program.

5. Kelly explained that the Global “hypothecation” investment program worked similarly to a fixed deposit with a bank and would produce a percentage annually as a part of the investment.

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1 6. In connection with the offer and sale of the above securities, Global and Kelly made,
2 or caused to be made, the following untrue statement of a material fact and omitted to state material
3 facts, in violation of California Corporations Code section 25401:

4 (a) The California investor was “guaranteed” returns of 6% annually, and was told that
5 Global’s “hypothecation” investment program was “risk free” and liquid. The California investor did
6 not receive any returns and the precious metals were not returned;

7 (b) In 2002, the National Association of Securities Dealers (“NASD”), currently known as
8 the Financial Industry Regulatory Authority, censured and fined Kelly for his failure to establish and
9 maintain a supervisory system reasonably designed to ensure that producing branch managers comply
10 with the NASD’s conduct rules. Kelly consented to the imposition of the censure and fine in the
11 amount of \$10,000.00; and

12 (c) In August 1995, Kelly consented to an administrative order filed by the State of
13 Florida, Department of Banking and Finance, Division of Securities and Investor Protection for
14 violating the Florida securities laws.

15 By reason of the forgoing, the Commissioner of Business Oversight is of the opinion that the
16 securities offered and sold by Global Crossroads, Inc. and Stephen P. Kelly were offered and sold in
17 this state by means of written or oral communications that included an untrue statement of a material
18 fact and omitted to state material facts necessary in order to make the statements made, in the light of
19 the circumstances under which they were made, not misleading, in violation of section 25401 of the
20 Corporate Securities Law of 1968.

21 Pursuant to section 25532, subdivision (c), of the Corporate Securities Law of 1968, Global
22 Crossroads, Inc. and Stephen P. Kelly are hereby ordered to desist and refrain from offering or selling
23 or buying or offering to buy any security in the State of California, including but not limited to
24 investment contracts, by means of any written or oral communication which includes an untrue
25 statement of a material fact or omits to state a material fact necessary in order to make the statements
26 made, in the light of the circumstances under which they were made, not misleading.

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1 This order is necessary, in the public interest, for the protection of consumers and is consistent
2 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

3 Dated: August 23, 2016
4 Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

5 By: _____
6 MARY ANN SMITH
7 Deputy Commissioner
8 Enforcement Division
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